Supreme Court, U.S.
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No. 03-234

In the Supreme Court of the United States

DR. SAKHARAM D. MAHURKAR,

Plaintiff-Petitioner,

v.

C.R. BARD, INC.,

Defendant,

v.

NIRO, SCAVONE, HALLER & NIRO,

Respondent.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

RESPONDENT'S BRIEF IN OPPOSITION

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QUESTION PRESENTED

Whether a Federal Court can issue an order under the Anti-Injunction Act, 28 U.S.C. § 2283, to effectuate its judgment by enjoining re-litigation of issues in subsequent state court proceedings.

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OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1a) is unreported. The order of the district court (Pet. App. 2a-6a) is reported at 209 F. Supp. 2d 911.

This Court denied certiorari in a prior related proceeding at 525 U.S. 1106. The unreported opinion of the court of appeals from the prior related proceedings is memorialized at 155 F.3d 574, 1998 U.S. App. LEXIS 17284. The opinion of the district court from the prior related proceedings (Pet. App. 13a-15a; Pet. App. 16a-22a) are unreported.

JURISDICTION

The judgment of the court of appeals was entered on May 12, 2003. The petition for writ of certiorari was filed on August 11, 2003. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTES INVOLVED

The Anti-Injunction Act, 28 U.S.C. § 2283, provides:

> A court of the United States may not grant an injunction to stay proceedings in a State court except as expressly authorized by Act of Congress, or where necessary in aid of its jurisdiction, or to protect or effectuate its judgments.

The All Writs Act, 28 U.S.C. § 1651, provides in part:

> (a) The Supreme Court and all courts established by Act of Congress may issue all writs necessary or appropriate in aid of their respective jurisdictions and agreeable to the usages and principles of law.

STATEMENT

This is not Dr. Mahurkar's first petition for *certiorari* in this case. In 1998, the Federal Circuit, writing *per curiam*, rejected Dr. Mahurkar's argument that he had not agreed to settle the *Bard* lawsuits by granting a license to Bard; that unpublished decision is memorialized at 155 F.3d 574, 1998 U.S. App. LEXIS 17284 (Fed. Cir. 1998). This Court subsequently denied Dr. Mahurkar's petition for *certiorari* from that decision, see 525 U.S. 1106 (1999).

Dr. Mahurkar's current petition is no more worthy of this Court's attention—in fact, it is nothing more than another episode in Dr. Mahurkar's five-year-long struggle to escape the consequences of his own, voluntary agreement to settle his patent infringement lawsuits against Bard.

From 1986 through August 1996, Raymond Niro and his firm Niro, Scavone, Haller & Niro successfully represented Dr. Mahurkar in twelve different lawsuits. The Niro firm won every one of those lawsuits, earning Dr. Mahurkar more than $30 million and preserving a royalty flow to Dr. Mahurkar in excess of $60 million. Many of the lawsuits settled favorably and two trials went to verdicts in Dr. Mahurkar's favor. Among the recoveries obtained by the Niro firm for Dr. Mahurkar was $4.2 million from a lawsuit filed by Dr. Mahurkar against C.R. Bard, an award representing a ***25.88% royalty*** on net sales of Bard's chronic hemodialysis catheters, much more than anyone else licensed by Dr. Mahurkar has ever paid.

Three successful appeals were taken by the Niro firm to the Federal Circuit, including the first (1996) appeal upholding the finding of patent infringement in the lawsuits against Bard, in which Dr. Mahurkar was represented by the Niro firm. See 79 F.3d 1572, 38 U.S.P.Q.2d (BNA) 1288 (Fed. Cir. 1996). After that successful appeal,

Dr. Mahurkar terminated the Niro firm's representation because of a fee dispute.

On July 10, 1997, the district court entered a final judgment that Dr. Mahurkar had entered into a binding settlement with C.R. Bard in June 1996. That judgment came at the conclusion of a hotly contested hearing, during which Dr. Mahurkar (represented by new counsel) asserted that there was no settlement. Dr. Mahurkar argued that the Niro firm had "orchestrated" the settlement with Bard's counsel Terry Grimm; that the Niro firm assisted Mr. Grimm by giving him a draft brief in support of a motion to enforce; and that Raymond Niro testified falsely concerning the fact of a settlement having been reached with Bard. The district court concluded that there ***was*** a valid and enforceable settlement; that Dr. Mahurkar's testimony to the contrary was not credible and that Mr. Niro's and Mr. Grimm's testimony were credible. The district court entered judgment enforcing the settlement and explicitly retained jurisdiction to enforce its Order. On July 9, 1998, the Federal Circuit, writing *per curiam*, affirmed the district court's holding.

More than two years into the state-court lawsuit brought against Dr. Mahurkar by the Niro firm to resolve their fee dispute (Case No. 96 L 11767), Dr. Mahurkar brought a counterclaim against the Niro firm and Mr. Niro (who had not brought a claim against Dr. Mahurkar), alleging exactly what he had claimed unsuccessfully before the district court and before the Federal Circuit and before this Court in the second appeal: that he had not agreed to settle the *Bard* lawsuits; that the Niro firm had "engineered" the settlement and that the Niro firm had improperly assisted Bard's counsel in enforcing the settlement. Dr. Mahurkar allowed so much time to elapse before presenting his counterclaim that it was barred by the two-year Illinois statute of limitations, but saved by an Illinois state procedure that permits amendments to earlier-

filed pleadings. Then, after being denied leave to add still more counts dependent upon that argument, Dr. Mahurkar filed another state court lawsuit against the Niro firm and Mr. Niro (Case No. 02 L 001510) reiterating the argument in connection with still more complaints.

On May 6, 2002, Judge James B. Zagel, the trial judge in Dr. Mahurkar's two lawsuits against Bard, enjoined Dr. Mahurkar from relitigating in his state court cases certain key issues that Judge Zagel had previously decided. The Order enjoined Dr. Mahurkar from asserting "in the state court proceedings that Dr. Mahurkar and Bard did not reach a settlement of the two [Bard] lawsuits" or "that he [Dr. Mahurkar] did not understand, agree to or authorize the settlement of the two lawsuits."

On May 12, 2003, a panel of the Federal Circuit affirmed Judge Zagel's injunction *per curiam* in an unwritten decision pursuant to Fed. Cir. R. 36.

ARGUMENT

The decision of the court of appeals is correct and does not conflict with any decision of this Court or any other court of appeals. Further review is unwarranted. The injunction entered by Judge Zagel, and affirmed *per curiam* by the Court of Appeals for the Federal Circuit, effectively demolished Dr. Mahurkar's $29 million damage claim against the Niro firm, since his damages expert insisted again and again that Dr. Mahurkar's damage claim was based on the counter-factual assumption that Dr. Mahurkar had ***not*** agreed to settle his patent infringement claims against Bard by granting Bard a license to practice his invention:

> A My opinion was based on there not being a settlement.

(Gerstman Dep. p. 14)

Q Because you were told to assume that there was no settlement and no license, right?

A Right.

(Gerstman Dep. p. 27)

Q Why didn't you take into account Judge Zagel's opinion that there was an actual license?

A This opinion was based on a situation as if there were no actual license and as if there were no settlement. And that is the whole basis of my opinion. So why would I be taking into consideration what you are asking me to?

Q Is that why you didn't consider Judge Zagel's opinion in ruling that there was a license and there was a settlement?

A I said right in my declaration that I am—it's all based on the fact situation that there was no settlement and there was no license agreement.

(Gerstman Dep. pp. 28-29).

Trying to salvage his damage claim, Dr. Mahurkar now argues that it was the Niro firm's "fiduciary duty" to conceal the fact of settlement from the district court and from Bard. In other words, Dr. Mahurkar's claim is now that the Niro firm should pay him $29 million because, he alleges, it did not help him hide the settlement to which he had agreed.

No doubt conscious that such a claim does not show him in a very sympathetic light, Dr. Mahurkar now asks this Court to permit him to try to re-write history. Dr. Mahurkar wants another chance to bury the fact of settlement—to relitigate the very same facts concerning settlement that were before the district court and the

Federal Circuit in *Bard I* and *Bard II*, in the hope of reaching a different result in state court.

The district court very properly concluded that such relitigation had to be prohibited in order to effectuate its earlier judgments, and the Federal Circuit agreed. District Judge Zagel (who presided over the two patent infringement lawsuits and enforced Dr. Mahurkar's settlement) entered an injunction ordering simply that Dr. Mahurkar cannot now claim "in the state court proceedings that Dr. Mahurkar and Bard did not reach a settlement of the two [Bard] lawsuits" or "that he did not understand, agree to or authorize the settlement of the two lawsuits." Judge Zagel properly enjoined Dr. Mahurkar from asserting what he says he wants to tell the jury in the state court lawsuits: that he "does not believe that settlement was reached in 1996 or that Bard believed that," as he insisted in his brief to the Federal Circuit. That narrowly-drawn injunction was well within the broad discretion of the district court. Indeed, Dr. Mahurkar admits at p. 18 of his petition that the decision on which he places primary reliance, *Chick Kam Choo v. Exxon Corp.*, 486 U.S. 140 (1988), held that "the 'necessary to effectuate or protect judgments' exception to the Anti-Injunction Act 'was designed to permit a federal court to prevent state litigation of an issue that previously was presented to and decided by the federal court'" (Mahurkar Petition, p. 17, quoting *Chick Kam Choo*, 486 U.S. at 147). *See also, e.g., We Care Hair Dev., Inc. v. Engen*, 180 F.3d 838, 844 (7th Cir. 1999) (standard of appellate review is "abuse of discretion").

As Dr. Mahurkar admits, the "relitigation" exception of 28 U.S.C. § 2283 was enacted precisely to prevent such attempts to relitigate in state court issues already decided in federal court in the hope of obtaining a second bite at the apple and an inconsistent result. The Seventh Circuit has held:

28 U.S.C. § 2283 reads as follows:

> "A court of the United States may not grant an injunction to stay proceedings in a State court except as expressly authorized by Act of Congress, or where necessary in aid of its jurisdiction, or to protect or effectuate its judgments."

The "effectuate its judgments" exception was added in 1948 to permit a federal court to enjoin relitigation in a state court of a matter determined by a judgment of the federal court, thus abrogating *Toucey v. New York Life Insurance Co., 314 U.S. 118, 86 L. Ed. 100, 62 S. Ct. 139 (1941). 28 U.S.C.A. § 2283,* Revisor's Note; 1A, Part 2 J. Moore, FEDERAL PRACTICE P0.208 [2]-[3] (2d ed. 1974); *Doe v. Ceci,* 517 F.2d 1203, 1207 (7th Cir. 1975). As Justice Reed said in his *Toucey* dissent, the alternative to allowing such injunctions "is that a federal judgment entered perhaps after years of expense in money and energy and after the production of thousands of pages of evidence comes to nothing that is final. It is to be only the basis for a plea of res judicata which is to be examined by another court, unfamiliar with the record already made, to determine whether the issues were or were not settled by the former adjudication." *314 U.S. at 144.*

Samuel C. Ennis & Co. v. Woodmar Realty Co., 542 F.2d 45, 48-49 (7th Cir. 1976); *VMS Ltd. Pshp. Sec. Litig. (In re VMS Sec. Litig.),* 103 F.3d 1317, 1323-24 (7th Cir. 1996) ("In *United States v. New York Telephone Co.*, the Supreme Court championed a federal court's power to use the Act in order 'to effectuate and prevent the frustration of or-

ders it has previously issued in its exercise of jurisdiction otherwise obtained.' *434 U.S. 159, 172, 98 S. Ct. 364, 372, 54 L. Ed. 2d 376 (1977).*") (collecting cases in which the relitigation exception has been used in this fashion). *See also, e.g., Thomas v. Powell*, 247 F.3d 260, 263-66 (D.C. Cir. 2001); *Next Level Communs. L.P. v. DSC Communs. Corp.*, 179 F.3d 244, 249 (5th Cir. 1999); *Harper Plastics, Inc. v. Amoco Chemicals Corp.*, 657 F.2d 939, 946-47 (7th Cir. 1981); Wright, Miller & Cooper, 17 FEDERAL PRACTICE AND PROCEDURE § 4226, at pp. 545-46 (1988).

Dr. Mahurkar argues that the "Anti-Injunction Act" was designed to prevent, not permit, injunctions against state court proceedings—but he ignores how the Act, 28 U.S.C. § 2283, interacts with the "All Writs Act":

> The All-Writs Act is similar in scope and operation to the Anti Injunction Act. In pertinent part, the All-Writs Act provides that:
>
> > The Supreme Court and all courts established by Act of Congress may issue all writs necessary or appropriate in aid of their respective jurisdictions and agreeable to the usages and principles of law.
>
> *28 U.S.C. § 1651(a).* The All-Writs Act "acts in concert" with the Anti-Injunction Act "to permit the issuance of an injunction[.]"
>
> > [W]hile the Anti-Injunction Act does not provide positive authority for issuance of injunctions, it describes those situations where injunctions are not permitted. The All-Writs Act, by contrast, grants the federal courts the authority to issue injunctions where necessary in aid of their jurisdiction. The parallel "necessary in aid of jurisdiction" language is construed simi-

> larly in both the All-Writs Act and the Anti-Injunction Act.
>
> *Carlough [v. Amchem Products, Inc.], 10 F.3d [189,] 201 n.9 (3d Cir. 1993).*

In re Prudential Ins. Co. of Am. Sales Practice Litig., 261 F.3d 355, 365 (3d Cir. 2001).

Perhaps most tellingly, Dr. Mahurkar admits in his petition to this Court that other courts of appeals—which include the Second, Fifth, Seventh, Ninth and D.C. Circuits as well as the Federal Circuit—agree that such injunctions are proper (Mahurkar Pet., pp. 16-17). Dr. Mahurkar even complains that these holdings have become "entrenched" (*id.* at 17), which is his euphemism for "generally accepted"—so much so, indeed, that the Federal Circuit did not even find it necessary to write an opinion in rejecting Dr. Mahurkar's arguments. No wonder; the holdings are correct. It simply makes no sense to permit relitigation in state court of issues admittedly decided in federal court. And the issue of Dr. Mahurkar's agreement to settle the *Bard* lawsuits was so decided, not just once but several times.

CONCLUSION

What, then, is left of Dr. Mahurkar's petition? Only that he would like this Court to second-guess the factual determinations of the district court and of the Federal Circuit that he seeks to relitigate an issue already decided. But, that is not the function of the Supreme Court. There is no constitutional question here; merely a litigant disappointed that he is having trouble arguing that he is entitled to collect money from his lawyers that he agreed to forego from infringers of his patent. This he cannot do. *See, e.g., Thomas*, 247 F.3d at 263-66 (affirming injunction against entire state court legal malpractice action where

plaintiff sought to collect from his lawyers money he agreed to forego in settling a federal lawsuit, even though lawyers were not parties to the federal lawsuit). There is no basis for granting Dr. Mahurkar's Petition.

Respectfully submitted,

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